CalPERS

Total Fund Monthly Update



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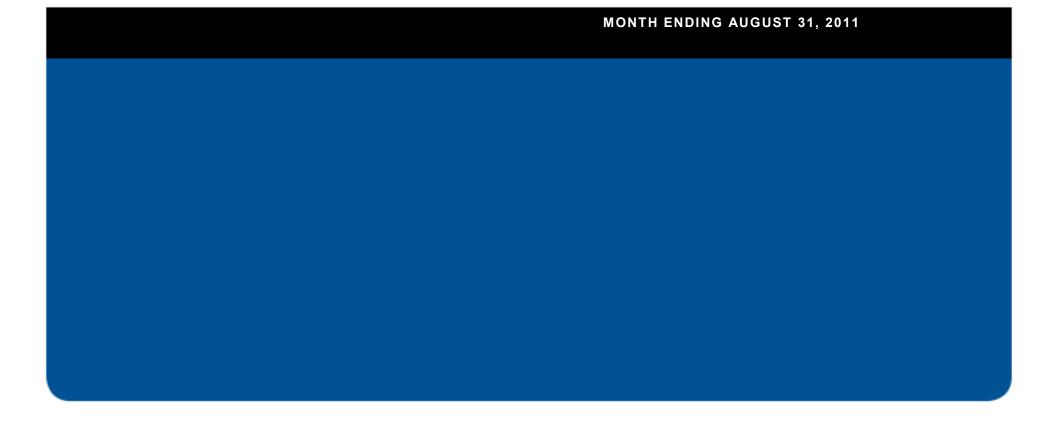
Net Performance Summary

Policy Violations and Significant Events

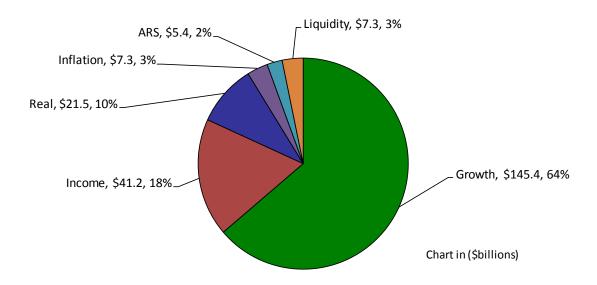
Investment Transactions Summary



Asset Allocation and Risk



Asset Allocation and Unfunded Commitments (as of August 31, 2011)



| | Asset Allocation as of August 31, 2011 | | | | | | | | | | | |
|---|--|----------|----------|---------|-----------|---------|--------|----------------|-----------|-------|---------|--|
| | Growth | Public | Private | Income | Liquidity | Real | Real | Forestland/ | Inflation | ARS | Total | |
| | | Equity 1 | Equity 1 | | | | Estate | Infrastructure | | | Fund | |
| Strategic Target Range % | 56-70% | 42-56% | 10-18% | 11-21% | 1-7% | 8-18% | 7-13% | 1-5% | 1-7% | | | |
| Interim Strategic Target % | 64% | 50% | 14% | 19% | 4% | 10% | 8% | 2% | 3% | N/A | N/A | |
| Actual Investment % | 64% | 49% | 15% | 18% | 3% | 9% | 8% | 1% | 3% | 2% | N/A | |
| Variance % (Strategic vs. Actual) | (0%) | (1%) | 1% | (1%) | (1%) | (1%) | 0% | (1%) | 0% | N/A | N/A | |
| Interim Strategic Target (\$billions) | \$146.0 | \$114.1 | \$31.9 | \$43.3 | \$9.1 | \$22.8 | \$18.3 | \$4.6 | \$6.8 | N/A | \$228.1 | |
| Actual Investment (\$billions) | \$145.4 | \$111.6 | \$33.8 | \$41.2 | \$7.3 | \$21.5 | \$18.5 | \$2.9 | \$7.3 | \$5.4 | \$228.1 | |
| Variance \$(Interim Strategic vs. Actual) (\$billing) | (\$0.6) | (\$2.4) | \$1.9 | (\$2.1) | (\$1.8) | (\$1.4) | \$0.3 | (\$1.6) | \$0.5 | N/A | N/A | |
| % Passive | 54% | 70% | 0% | 0% | 0% | 6% | 7% | 0% | 0% | 0% | 35% | |
| % Active | 46% | 30% | 100% | 100% | 100% | 94% | 93% | 100% | 100% | 100% | 65% | |
| % Internal | 62% | 81% | 0% | 88% | 100% | 6% | 7% | 0% | 100% | 0% | 63% | |
| % External | 38% | 19% | 100% | 12% | 0% | 94% | 93% | 100% | 0% | 100% | 37% | |

¹ Equity overlay and lending income are included in International Equity, undistributed lending income is included in Global Equity, currency overlay funds are included in Liquidity and the Global Equity Cash Account is included in Domestic Equity and Domestic Fixed Income Transition Account is included in Domestic Fixed Income.

² Interim strategic targets adopted by Board at the August 17th. 2011 Investment Committee meeting

| Unfunded Market Commitments as of August 31, 2011 | | | | | | | | | | |
|---|-----------------|----------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|----------------------|--------------|
| | Private | Private Equity | | Estate | Infrastr | ucture | Fores | stland | Corporate Governance | |
| | | | (as of July | / 31, 2011) | (as of June | 30, 2011) | (as of Jun | e 30, 2011) | (as of Ju | ly 31, 2011) |
| Funded | \$(in Billions) | % Allocation | \$(in Billions) | % Allocation | \$(in Billions) | % Allocation | \$(in Billions) | % Allocation | \$(in Billions) | % Allocation |
| Fair Market Value (FMV) | \$33.8 | 15% | \$18.5 | 8% | \$.7 | 0% | \$2.3 | 1% | \$5.0 | 2% |
| Unfunded Commitment (UC) | <u>\$14.3</u> | <u>6%</u> | <u>\$6.9</u> | <u>3%</u> | <u>\$.3</u> | <u>0%</u> | <u>\$.0</u> | <u>0%</u> | <u>\$.5</u> | <u>0%</u> |
| FMV + UC | \$48.2 | 21% | \$25.5 | 11% | \$1.1 | 0% | \$2.3 | 1% | \$5.5 | 2% |

Top 20 Exposures: Public Markets (as of August 31, 2011)

| | Company Name | Total Global Equity ² | Total Fixed Income ³ | Market Value | % of Total Fund |
|----|-----------------------------|----------------------------------|---------------------------------|--------------|-----------------|
| 1 | EXXON MOBIL CORP | \$1094.6 | \$0.0 | \$1094.6 | 0.48% |
| 2 | APPLE INC | \$1007.5 | \$0.0 | \$1007.5 | 0.44% |
| 3 | GENERAL ELECTRIC CO | \$513.7 | \$265.8 | \$779.5 | 0.34% |
| 4 | AT&T INC | \$526.4 | \$175.3 | \$701.7 | 0.31% |
| 5 | MICROSOFT CORP | \$666.6 | \$0.0 | \$666.6 | 0.29% |
| 6 | NESTLE SA REG | \$662.1 | \$0.0 | \$662.1 | 0.29% |
| 7 | JPMORGAN CHASE & CO | \$446.1 | \$173.1 | \$619.2 | 0.27% |
| 8 | CHEVRON CORP | \$592.7 | \$0.0 | \$592.7 | 0.26% |
| 9 | INTL BUSINESS MACHINES CORP | \$587.2 | \$0.0 | \$587.2 | 0.26% |
| 10 | HSBC HOLDINGS PLC | \$448.5 | \$136.1 | \$584.6 | 0.26% |
| 11 | WELLS FARGO & CO | \$417.4 | \$149.3 | \$566.7 | 0.25% |
| 12 | PFIZER INC | \$450.1 | \$69.2 | \$519.3 | 0.23% |
| 13 | PROCTER & GAMBLE CO | \$512.6 | \$0.0 | \$512.6 | 0.22% |
| 14 | JOHNSON & JOHNSON | \$512.3 | \$0.0 | \$512.3 | 0.22% |
| 15 | WAL MART STORES INC | \$396.0 | \$103.9 | \$499.9 | 0.22% |
| 16 | VODAFONE GROUP PLC | \$426.1 | \$58.7 | \$484.8 | 0.21% |
| 17 | COCA COLA CO | \$444.3 | \$0.0 | \$444.3 | 0.19% |
| 18 | CITIGROUP INC | \$283.9 | \$158.5 | \$442.4 | 0.19% |
| 19 | BHP BILLITON LTD | \$423.1 | \$2.6 | \$425.7 | 0.19% |
| 20 | BANK OF AMERICA CORP | \$251.5 | \$169.0 | \$420.5 | 0.18% |

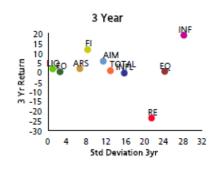
¹ Only includes Global Equity & Fixed Income assets custodied with master custodian

² Source for Global Equity values: State Street Bank

³ Source for Global Fixed Income values: Blackrock Solutions

Total Fund Risk Profile (as of August 31, 2011)

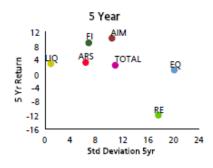
3 Year Risk Profile



TRACKING ERROR

| | Excess Return (%) | Tracking Error | Information Ratio |
|--------------------------|-------------------|----------------|-------------------|
| TOTAL FUND | -3.15 | 3.83 | -0.82 |
| PUBLIC EQUITY | -0.88 | 1.30 | -0.68 |
| INCOME | 1.56 | 4.15 | 0.38 |
| PRIVATE EQUITY | -5.06 | 16.06 | -0.32 |
| REAL ESTATE | -23.06 | 17.67 | -1.30 |
| LIQUIDITY | -0.19 | 0.24 | -0.79 |
| INFLATION | -1.36 | 4.10 | -0.33 |
| ABSOLUTE RETURN STRATEGY | -4.99 | 7.14 | -0.70 |
| FORESTLAND | -5.78 | 3.37 | -1.71 |
| INFRASTRUCTURE | 12.83 | 28.34 | 0.45 |

5 Year Risk Profile



TRACKING ERROR

| | Excess Return (%) | Tracking Error | Information Ratio |
|--------------------------|-------------------|----------------|-------------------|
| TOTAL FUND | -2.05 | 3.04 | -0.67 |
| PUBLIC EQUITY | -0.81 | 1.07 | -0.76 |
| INCOME | 0.52 | 3.27 | 0.16 |
| PRIVATE EQUITY | -2.22 | 13.47 | -0.16 |
| REAL ESTATE | -17.41 | 14.14 | -1.23 |
| LIQUIDITY | -0.08 | 0.19 | -0.40 |
| INFLATION | | | |
| ABSOLUTE RETURN STRATEGY | -4.99 | 6.87 | -0.73 |
| FORESTLAND | | | |
| INFRASTRUCTURE | | | |

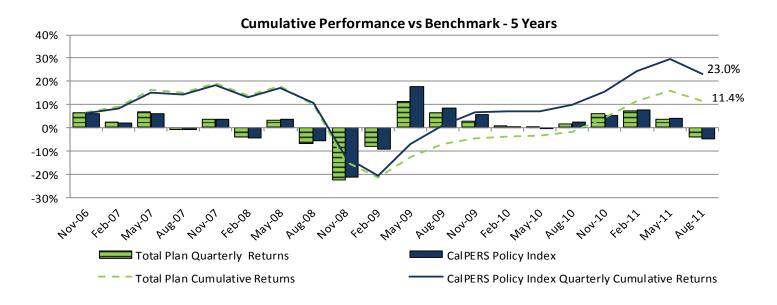
Excess Return - The difference between the portfolio return and the index return for the given period

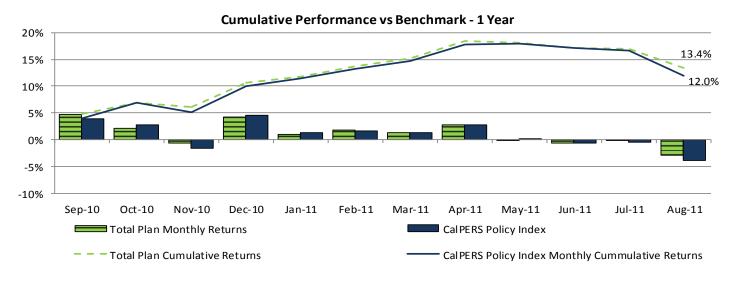
Tracking Error - Standard deviation of the Excess Return

Information Ratio - Excess Return divided by the Tracking Error

The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.







Section II: Investment Performance

Net Performance Summary (as of August 31, 2011)

| | | | 1 M | onth | FY | TD | 1 | Yr | 3 | Yr | 5 | Yr | 10 | Yr |
|--|--|-----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|-----------------------------|------------------------------------|-----------------------------------|--------------------------------------|---------------------------|----------------------------|---------------------------|----------------------------|
| TOTAL FUND SUMMARY | Ending Market Value (\$millions | % of Total Asset s | Fund Rate of Return | Excess Return in Bps | Fund Rate of Return | Excess Return in Bps | Fund Rate of Return | Excess Return in Bps | Fund Rate of Return | Excess Return in Bps | Fund Rate of Return | Excess Return in Bps | Fund Rate of Return | Excess Return in Bps |
| GROWTH PUBLIC EQUITY PRIVATE EQUITY | 145,351 111,546 33,804 | 63.7 48.9 14.8 | (5.4) (7.4) 1.5 | | (6.5) (9.0) 2.2 | 253 17 1,090 | 17.6 15.0 27.2 | 349 150 1,071 | 0.8 0.1 5.4 | (161) (88) (506) | 2.1 0.8 10.0 | (108) (81) (222) | 5.1 4.5 8.7 | (32) (31) 61 |
| INCOME | 41,064 | 18.0 | 2.1 | (62) | 4.8 | (95) | 7.6 | 49 | 11.3 | 156 | 8.7 | 52 | 7.7 | 54 |
| LIQUIDITY | 7,586 | 3.3 | 1.5 | (26) | 2.8 | (38) | 2.7 | (67) | 1.3 | (19) | 2.7 | (7) | 2.6 | 10 |
| REAL REAL ESTATE FORESTLAND INFRASTRUCTURE | 21,450 18,527 2,287 637 | 9.4 8.1 1.0 0.3 | (0.6) (0.7) 0.0 0.0 | (26) (17) 0 (42) | (0.6) (0.6) 0.0 0.0 | (30) (19) 0 (64) | 8.3 8.8 (2.2) 42.2 | (799) (910) (1,014) 3,354 | (21.6) (24.1) (0.1) 18.7 | (2,084) (2,306) (579) 1,283 | (10.4) (12.2) | (1,613) (1,741) | | (693) (663) |
| INFLATION COMMODITIES INFLATION LINKED BONDS | 7,323 2,462 4,861 | 3.2 1.1 2.1 | (0.4) (2.4) 0.6 | (5) (57) 51 | 2.5 (0.1) 3.8 | (22) (61) 38 | 23.1 27.0 12.2 | 772 (9) 86 | (0.8) (15.1) 6.1 | (136) 97 29 | | | | |
| ABSOLUTE RETURN STRATEGY | 5,366 | 2.4 | (1.1) | (169) | (0.5) | (50) | 5.0 | (66) | 1.5 | (499) | 3.0 | (499) | | |
| OVERLAY & TRANSITION ACCO | 7 | 0.0 | | | | | | | | | | | | |
| TOTAL FUND | 228,146 | 100.0 | (3.0) | 99 | (3.2) | 122 | 13.4 | 142 | 0.4 | (314) | 2.2 | (205) | 5.3 | (77) |

Total Fund Inception to Date Net Return: 8.5%.

Inception date: 07/01/1988

Note: Returns for periods greater than one year are annualized.

Section II: Investment Performance

Net Performance vs. Long-Term Expected Returns (one year period ending August 31, 2011)

| Asset Class | Actual <u>Allocation</u> (%) | One-year Net <u>Asset Return</u> (%) | CalPERS Long-Term <u>Expected Annual Return ¹</u> (%) | Expected <u>Standard Deviation¹</u> (%) | +/- One Standard <u>Deviation Range</u> (%) |
|---|------------------------------------|--|--|--|---|
| | | | | | |
| Public Equity | 49 | 15.0 | 7.75 | 16.00 | (7.07) - 24.93 |
| Private Equity | <u>15</u> | 27.2 | 9.00 | 26.00 | (13.94) - 38.06 |
| Total Growth | 64 | 17.6 | | | |
| Income | 18 | 7.6 | 3.75 | 6.50 | (2.55) - 10.45 |
| Real Estate | 9 | 8.8 | 7.00 | 14.00 | (6.09) - 21.91 |
| Forestland | 1 | (2.2) | 7.00 | 10.00 | (2.53) - 17.47 |
| Infrastructure | <u>0</u> | 42.2 | 7.00 | 10.00 | (2.53) - 17.47 |
| Total Real | 9 | 8.3 | | | |
| Inflation Linked Bonds | 2 | 27.0 | 3.50 | 6.00 | (2.33) - 9.67 |
| Commodities | <u>1</u> | 12.2 | 5.00 | 21.00 | (13.92) - 28.08 |
| Total Inflation | 3 | 23.1 | | | |
| Absolute Return Strategy (ARS) ¹ | 2 | 5.0 | | | |
| Liquidity | 3 | 2.7 | 3.25 | 6.20 | (2.76) - 9.64 |
| | | | | | |
| Total Fund | 100 | 13.4 | 7.38 | 11.92 | (3.88) - 19.93 |

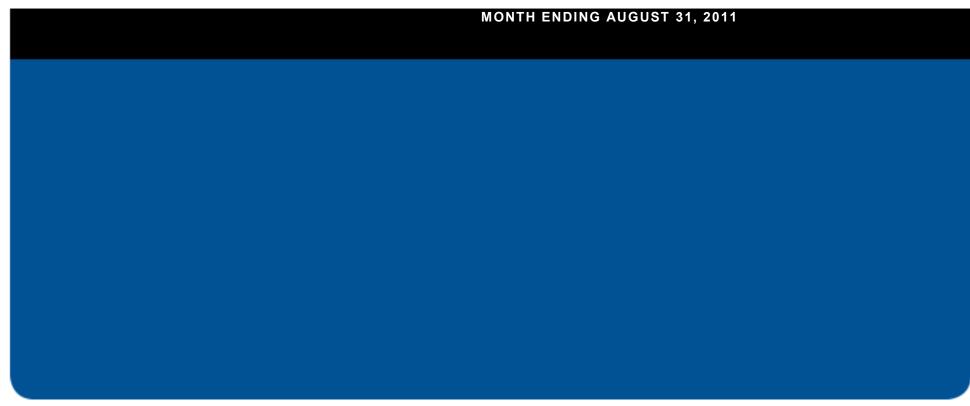
¹ Investment Committee Meeting December 2010 excluding ARS which was not forecasted. These are the capital markets assumptions used in the 2010 Strategic Asset Allocation Study.

² Compound return

³ Standard Deviation is a measure of variability of returns around the expected average return. Returns are expected to be within minus one and plus one standard deviation 67% of the time, or two out of every three years.

Note: The Global Equity Transition Account is included in Domestic Equity, the Fixed Income Transition Account is included in Domestic Fixed Income, and the currency overlay funds are included in Liquidity for Asset Allocation purposes.





Policy Violations

Material Exceptions to Policy

According to policy requirements, the following is a summary of investment policy violations as reported by the program areas.

The following program areas had no violations to report for the period:

- Public Equity
- Private Equity
- Forestland
- o Infrastructure Per the new Infrastructure Policy effective as of August 15, 2011, as stated in Section V.F.2, the requirement to meet various policy parameters will be applicable for the Infrastructure Program only when the NAV exceeds \$3 billion.
- Income
- Liquidity
- Absolute Return Strategies

The following program area had violations to report for the period:

Real Estate

• The Investment Committee approved the Real Estate Policy effective June 15, 2009. The policy includes limits that have been reduced in a number of key areas. As a result of the reduced limits and market conditions that have resulted in market value declines, the portfolio is out-of-compliance with the policy in the areas listed below. The Real Estate Unit estimates the portfolio to be in full compliance with policy no later than December 2013.

Policy Violations

o Real Estate (Cont.)

- CalPERS' Opportunistic asset exposure was approximately 40.6% as of March 31, 2011, or 0.6 percentage point above the policy range of 10.0% to 40.0%. The amount above the policy range increased over the last quarter from 40.1% to 40.6%; and decreased over the last calendar year from 43.6% to 40.6%.
- CalPERS' Other property type exposure was approximately 15.1% as of March 31, 2011, or 5.1 percentage points above the policy limit of 10.0%. The variance is attributed to Other property type exposure being comprised largely of Mixed-Use properties at 5.7% of the total portfolio. Staff is evaluating options for classification of mixed-use properties. The amount above the policy range is unchanged over the last guarter, and decreased over the last calendar year from 16.2% to 15.1%.

Significant Events

Significant Events

The following program areas had no significant events to report for the period:

- o Public Equity
- Private Equity
- o Real Estate
- Income
- Liquidity
- Forestland
- Infrastructure
- Absolute Return Strategies

The following program areas had significant events to report for the period:

o No items to report

Disclosure of Closed Session Action Items

| Investment Committee Meeting | Agenda Item | Investment Committee Action | Vote |
|-------------------------------|-------------|-----------------------------|------|
| No items to report for period | | | |



Items Completed Under Delegated Authority (for the month of August 31, 2011)

| Program Area | Name of Investment | Commitment | Complies with Delegation | Due Diligence Report |
|--------------|---|------------------|--------------------------|-------------------------|
| Real Estate | CalSmart, LLC | \$50 million* | 11-01-INV | N/A |
| Real Estate | Western Multifamily (GID) | \$205 million* | 11-01-INV | N/A |
| Real Estate | KAREC California Development Program, LLC | \$8.5 million* | 11-01-INV | N/A |
| Real Estate | Global Retail Investors, LLC | \$134.8 million* | 11-01-INV | N/A |
| Real Estate | Shea Capital I, LLC | \$7.2 million* | 11-01-INV | N/A |
| Real Estate | Shea Mountain House, LLC | \$7.9 milliion* | 11-01-INV | N/A |
| Real Estate | Newland National Partners III, LLC | \$27 million* | 11-01-INV | N/A |
| Real Estate | Newland National Partners IV, LLC | \$38.4 million* | 11-01-INV | N/A |
| Real Estate | TPG Hospitality Investments IV, LLC | \$15 million* | 11-01-INV | N/A |

Disclosure of Placement Agent Fees (for the month of August 31, 2011)

| | | | | Estimated Placement | |
|---------------|-------------------------------|--|---|---------------------|--------------------------|
| Program Area | Firm Name | Fund | Placement Agent Firm | Agent Compensation | Transation Type |
| AIM | Oak Hill Advisors, LP | OHA European Strategic Credit Fund, LP | Oak Hill Advisors, LP Credit Suisse Securities (USA), LLC Patrick Hubert Partners Virtus Investment Partners, | - | Proposed ¹ |
| AIM | The Central Valley Fund, LP | The Central Valley Fund, LP | Inc. | - | Amendment ³ |
| Real Estate | The Procaccianti Group | TPG Hospitality Investments IV, LLC | HFF Securities | - | Amendment ^{2,4} |
| Global Equity | Victoria 1522 Investments, LP | Emerging Markets Select Strategy | Victoria 1522 Investments, LP | 1,172 | Proposed ⁵ |

Notes:

Sales people are internal staff; incentive payments are based on performance and not contingent upon the CalPERS Investment; thus there is no compensation disclosed.

² The amendment does not benefit the placement agent; thus there is no compensation disclosed.

³ The placement firm/agent is not registered as a lobbyist with the Secretary of State. However, the amendment does not benefit the placement agent; thus there is no compensation disclosed.

⁴ The placement firm/agent is not registered as a lobbyist with the Secretary of State. Since the agreement between the External Manager and Placement Agent is expired, and no further compensation is required, Legal approved this amendment.

⁵ The compensation of \$1,172 was paid out prior to January 1, 2011, the effective date of AB 1743. Victoria 1522 Investments, LP no longer pays employee incentive compensation on the CalPERS account as of January 1, 2011.

Investment Transactions Summary – Estimated Values (for the month of August 31, 2011)

| | | PERF - Public Markets | | | | | | | | | |
|-------------------------|-----------------|-----------------------|-----------------|-----------------|---------------|-----------------|--|--|--|--|--|
| | Public Equity | REIT | Income | Inflation | ARS | Liquidity | | | | | |
| | | | | | | | | | | | |
| Beginning Market Value | 115,824,874,608 | 1,499,523,140 | 42,301,563,699 | 7,360,376,933 | 5,332,862,169 | 10,220,588,565 | | | | | |
| + Purchases | 6,054,941,553 | 1,151,488 | 7,941,968,837 | 4,395,862,218 | 100,000,000 | 482,901,675 | | | | | |
| - Sales | (2,226,150,019) | (1,383,127) | (9,300,004,448) | (2,393,612,738) | (11,306,462) | (1,360,082,406) | | | | | |
| +/- Other Changes in MV | (8,010,258,635) | (123,123,042) | 268,135,015 | (2,040,084,244) | (55,558,608) | (1,995,655,466) | | | | | |
| Ending Market Value | 111,643,407,508 | 1,376,168,460 | 41,211,663,103 | 7,322,542,169 | 5,365,997,098 | 7,347,752,367 | | | | | |

| | PE | ERF - Private Markets | ; | |
|-------------------------|----------------|-----------------------|---------------|----------------|
| | Private Equity | Real Estate | Forestland | Infrastructure |
| | | | | |
| Beginning Market Value | 33,218,772,864 | 17,151,051,520 | 2,286,543,932 | 636,611,841 |
| + Contributions | 528,258,807 | 217,621,529 | 27,300,000 | - |
| - Distributions | (400,206,641) | (82,084,807) | - | (2,131,213) |
| +/- Other Changes in MV | 457,585,973 | (135,536,722) | (27,300,000) | 2,131,212 |
| Ending Market Value | 33,804,411,004 | 17,151,051,520 | 2,286,543,932 | 636,611,841 |

| | | Total PERF | |
|-------------------------|------------------|----------------|------------------|
| | Total Public | Total Private | |
| | Markets | Markets | Total PERF |
| | | | |
| Beginning Market Value | 182,539,789,114 | 53,292,980,157 | 235,832,769,271 |
| + Contributions | 18,976,825,771 | 773,180,336 | 19,750,006,107 |
| - Distributions | (15,292,539,200) | (484,422,660) | (15,776,961,860) |
| +/- Other Changes in MV | (11,956,544,980) | 296,880,463 | (11,659,664,516) |
| Ending Market Value | 174,267,530,705 | 53,878,618,296 | 228,146,149,001 |

Investment Proposal Activity Summary (for the month of August 31, 2011)

| | | Private As | sset Classes | | Public Asset Classes | | | | |
|-----------------------------------|----------------------------|------------|----------------|-------------|----------------------|--------------------|-------------|---------------------|-------|
| | Alternative Investments | Forestland | Infrastructure | Real Estate | Hedge Funds | Global Equities | Commodities | Global Fixed Income | Total |
| Start of Month Proposals | 94 | 3 | 40 | 35 | 22 | 10 | 4 | 8 | 216 |
| New Proposals | 35 | 0 | 3 | 14 | 10 | 4 | 1 | 4 | 71 |
| Decisions During the Month | 58 | 0 | 8 | 2 | 19 | 9 | 0 | 6 | 102 |
| End of Month Proposals | 71 | 3 | 35 | 47 | 13 | 5 | 5 | 6 | 185 |

Status Details

| | | Private A | sset Classes | | Public Asset Classes | | | | |
|-----------------------------------|----------------------------|------------|----------------|----------------|----------------------|--------------------|-------------|------------------------|-------|
| Status | Alternative Investments | Forestland | Infrastructure | Real Estate | Hedge Funds | Global Equities | Commodities | Global Fixed Income | Total |
| Start of Month Proposals | | | | | | | | | |
| Submitted | 1 | C | 2 | 15 | 0 | 4 | 0 | 0 | 22 |
| Screening | 90 | 3 | 37 | 18 | 18 | 5 | 4 | 8 | 183 |
| Due Diligence | 3 | C | 1 | 2 | 4 | 0 | 0 | 0 | 10 |
| Approved | 0 | C | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Subtotal | 94 | 3 | 40 | 35 | 22 | 10 | 4 | 8 | 216 |
| New Proposals During the Mo | onth | | | | | | | | |
| Subtotal | 35 | C | 3 | 14 | 10 | 4 | 1 | 4 | 71 |
| Decisions During the Month | | | | | | | | | |
| Committed | 0 | C | 0 | 0 | 2 | 1 | 0 | 0 | 3 |
| Declined | 55 | C | 8 | 0 | 4 | 4 | 0 | 6 | 77 |
| Failed to Materialize | 0 | C | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Referred | 3 | C | | 2 | 13 | 3 | 0 | 0 | 21 |
| Subtotal | 58 | C | 8 | 2 | 19 | 9 | 0 | 6 | 102 |
| End of Month Proposals | | | | | | | | | |
| Submitted | 1 | | 0 | 14 | 0 | 0 | 1 | 0 | 16 |
| Screening | 68 | 2 | 34 | 31 | 11 | 5 | 1 | 6 | 162 |
| Due Diligence | 2 | | 1 | 31 | 2 | 0 | 0 | 0 | 7 |
| Subtotal | 71 | 2 | 35 | <u>2</u> 47 | 13 | 5 | 5 | <u></u> | 185 |

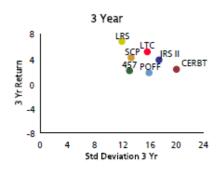




| | Domestic Equity | International Equity | Domestic Fixed | TIPS | High Yield | REITs | Cash |
|-----------------------------------|-----------------|-------------------------|-------------------|-------|---------------|-------|------|
| Defined Benefit Plans | | | | | | | |
| Legislators' Retirement System | | | | | | | |
| Target Ranges % | 25-35% | 6-14% | 47-53% | 8-12% | N/A | N/A | N/A |
| Strategic Target % | 30% | 10% | 50% | 10% | | | 0% |
| Actual Investment % | 30% | 9% | 50% | 10% | | | 0% |
| Variance % (Strategic vs. Actual) | (0%) | (1%) | 0% | 0% | | | 0% |
| Judges' Il Retirement System | | | | | | | |
| Target Ranges % | 29-39% | 15-25% | 33-39% | N/A | N/A | 7-13% | N/A |
| Strategic Target % | 34% | 20% | 36% | | | 10% | 0% |
| Actual Investment % | 35% | 20% | 36% | | | 10% | 0% |
| Variance % (Strategic vs. Actual) | 1% | (0%) | (0%) | | | (0%) | 0% |
| Health and Other Post-Emplo | yment Bene | fit Trusts | | | | | |
| Long-Term Care Fund | | | | | | | |
| Target Ranges % | 22-34% | 14-24% | 27-33% | 5-9% | 8-12% | 3-7% | 0-1% |
| Strategic Target % | 29% | 19% | 30% | 7% | 10% | 5% | 0% |
| Actual Investment % | 29% | 18% | 30% | 8% | 10% | 5% | 0% |
| Variance % (Strategic vs. Actual) | 0% | (1%) | 0% | 1% | (0%) | (0%) | 0% |
| CERBT Strategy 1 | | | | | | | |
| Target Ranges % | 30-40% | 24-34% | 17-23% | N/A | 3-9% | 7-13% | N/A |
| Strategic Target % | 35% | 29% | 20% | | 6% | 10% | 0% |
| Actual Investment % | 36% | 28% | 21% | | 6% | 10% | 0% |
| Variance % (Strategic vs. Actual) | 1% | (1%) | 1% | 0% | (0%) | (0%) | 0% |

Allocation targets approved at the August 15, 2011 Investment Committee meeting.

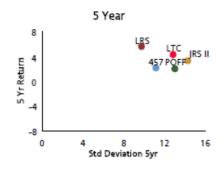
3 Year Risk Profile



TRACKING ERROR

| | Excess Return (%) | Tracking Error | Information Ratio |
|-------------------------------------|-------------------|----------------|-------------------|
| LONG-TERM CARE FUND | 0.31 | 1.23 | 0.25 |
| CERBT STRATEGY 1 FUND | -0.21 | 1.00 | -0.21 |
| 457 AGGREGATE | -0.19 | 0.81 | -0.24 |
| JUDGES' RETIREMENT SYSTEM II FUND | 0.09 | 1.23 | 0.07 |
| BALANCED GROWTH - POFF | -1.32 | 1.20 | -1.10 |
| LEGISLATORS' RETIREMENT SYSTEM FUND | 0.70 | 2.05 | 0.34 |
| SCP AGGREGATE | -1.29 | 0.77 | -1.68 |

5 Year Risk Profile



TRACKING ERROR

| | Excess Return (%) | Tracking Error | Information Ratio |
|-------------------------------------|-------------------|----------------|-------------------|
| LONG-TERM CARE FUND | 0.04 | 1.04 | 0.04 |
| CERBT STRATEGY 1 FUND | | | |
| 457 AGGREGATE | -0.48 | 0.78 | -0.62 |
| JUDGES' RETIREMENT SYSTEM II FUND | -0.12 | 1.05 | -0.12 |
| BALANCED GROWTH - POFF | -1.17 | 1.01 | -1.15 |
| LEGISLATORS' RETIREMENT SYSTEM FUND | 0.20 | 1.64 | 0.12 |
| SCP AGGREGATE | | | |

Excess Return - The difference between the portfolio return and the index return for the given period

Tracking Error - Standard deviation of the Excess Return

Information Ratio - Excess Return divided by the Tracking Error

The information ratio is used to measure risk adjusted returns; industry practice suggests that below 0.15 is considered low, between 0.15 and 0.25 is medium, and above 0.35 is high.

Net Performance Summary (for the month of August 31, 2011)

| | | 1 Month | | F۱ | /TD | 1 Yr | | 3 Yr | | 5 Yr | | 10 Yr | |
|---|------------------------|---------|---------------------|--------|---------------------|--------|---------------------|--------|---------------------|--------|---------------------|--------|------|
| | Ending Market Value | | Excess Return in | | Excess Return in | | Excess Return in | | Excess Return in | | Excess Return in | | |
| DEFINED BENEFIT PLANS | (\$millions) | Return | Bps | Return | Bps | Return | Bps | Return | Bps | Return | Bps | Return | Bps |
| JUDGES RETIREMENT FUND | 49 | 0.0 | (1) | 0.0 | 2 | 0.2 | 8 | 0.5 | 18 | 2.1 | 27 | 2.2 | 15 |
| JUDGES RETIREMENT SYSTEM II FUND | 555 | (3.4) | (10) | (3.4) | (23) | 12.8 | 12 | 3.7 | 9 | 3.2 | (13) | 5.1 | (31) |
| LEGISLATOR'S RETIREMENT SYSTEM FUND | 121 | (1.3) | (25) | (0.5) | (48) | 11.5 | 23 | 6.7 | 70 | 5.5 | 20 | 5.7 | (41) |
| DEFINED CONTRIBUTION AND DEFERRED | | | | | | | | | | | | | |
| COMPENSATION PLANS | | 1 M | onth | F۱ | YTD | 1 | Yr | 3 | Yr | 5 | Yr | 10 |) Yr |
| CALPERS SUPPLEMENTAL INCOME 457 PLAN | 874 | (4.4) | (41) | (5.4) | (42) | 10.6 | (62) | 2.0 | (19) | 2.1 | (48) | | |
| SUPPLEMENTAL CONTRIBUTIONS PLAN | 19 | (4.4) | (58) | (5.1) | (64) | 11.9 | (74) | 4.1 | (129) | | | | |
| (POFF) SUPPLEMENTAL PLAN | 463 | (4.6) | (67) | (5.3) | (76) | 12.5 | (89) | 1.7 | (132) | 1.9 | (117) | 3.6 | (106 |
| HEALTH AND OTHER POST-EMPLOYMENT | | | | | | | | | | | | | |
| BENEFIT FUNDS | | 1 M | onth | F۱ | /TD | 1 | Yr | 3 | Yr | 5 | Yr | 10 |) Yr |
| BENEFIT TRUST (CERBT) STRATEGY 1 FUND | 1,779 | (4.9) | (5) | (5.4) | (16) | 13.5 | 22 | 2.2 | (21) | | | | |
| CALPERS HEALTH CARE BOND FUND | 466 | 0.9 | (54) | 2.5 | (61) | 5.4 | 80 | 7.5 | 26 | | | | |
| LONG TERM CARE FUND | 3,200 | (3.3) | (21) | (3.0) | (32) | 12.3 | 24 | 5.0 | 31 | 4.2 | 5 | 5.4 | (15 |
| RESERVE FUNDS | | 1 M | onth | F) | YTD | 1 | Yr | 3 | Yr | 5 | Yr | 10 |) Yr |
| CONTINGENCY RESERVE FUND | 6 | 0.0 | | 0.0 | | 0.2 | | 0.5 | 18 | 2.1 | | 2.2 | |
| SECURITES LENDING COLLATERAL | | 1 M | onth | FY | /TD | 1 | Yr | 3 | Yr | 5 | Yr | 10 |) Yr |
| SECURITES LENDING COLLATERAL REINVESTMENT POOLS | 10,428 | 0.0 | 1 | 0.04 | 3 | 0.8 | 69 | 2.40 | 217 | 2.70 | 92 | 2.61 | 54 |

Policy Violations and Significant Events

Material Exceptions to Policy

According to policy requirements, the following is a summary of investment policy violations as reported by the program area.

Judges' Retirement System II (JRS II) Fund:

The Fund breached its domestic fixed income upper policy range limit due to extreme market volatility in the week of 8/1/11, beginning with 8/4/11 closing values and continuing sporadically (ranging from an overage of .03% to 1.67%) despite a staff-directed trade to sell US Fixed Income and purchase US Domestic Equity that settled 8/10/11. An additional trade was directed for settlement 8/12/11, which brought the Fund back within the Strategic Range.

Effective 8/15/11, a new asset allocation policy was approved by the Investment Committee for the Fund. We will be transitioning to this new policy as shown in the September 12, 2011 Investment Committee Affiliate Investment Programs Annual Review agenda item. Until the transition is completed, the funds will be out of compliance with the new policy ranges.

Legislators' Retirement System (LRS) Fund, Long-Term Care (LTC) Fund and California Employers' Retiree Benefit Trust (CERBT) Fund:

The Funds breached their domestic fixed income upper policy range limit due to extreme market volatility in the week of 8/8/11 beginning with 8/8/11 closing values, and continuing sporadically (ranging from an overage of .01% to 0.64%) until staff-directed trades to sell US Fixed Income and purchased US Domestic Equity settled 8/12/11, which brought the fund back within the Strategic Range.

Effective 8/15/11, a new asset allocation policy was approved by the Investment Committee for these Funds. We will be transitioning to these new policies as shown in the September 12, 2011 Investment Committee Affiliate Investment Programs Annual Review agenda item. Until the transition is completed, the funds will be out of compliance with the new policy ranges.

Significant Events

No significant events to report for period.

Investment Transactions Summary – Estimated Values (for the month of August 31, 2011)

| | CERBT Strategy 1 Fund | Health Care Bond Fund | Judges Retirement Fund | Judges Retirement System II Fund | Legislator's Retirement System Fund | Long Term Care Fund | Contingency Reserve Fund |
|------------------------|--------------------------|--------------------------|---------------------------|--|---|------------------------|-----------------------------|
| Beginning Market Value | 1,869,941,037.35 | 461,404,745.29 | 48,860,139.57 | 568,853,608.73 | 123,427,485.40 | 3,295,234,203.02 | 6,109,657.89 |
| + Purchases | 39,357,327.44 | - | 48,867,056.84 | 29,072,209.36 | 2,377,161.07 | 54,441,661.65 | 6,110,522.85 |
| - Sales | (38,713,160.50) | - | (48,860,042.24) | (10,007,059.43) | (3,020,153.67) | (54,441,285.67) | (6,109,645.72) |
| +/- Change in MV | (91,521,480) | 4,252,692 | (1,692) | (32,943,056) | (1,606,875) | (95,404,322) | (209) |
| Ending Market Value | 1,779,063,724.69 | 465,657,437.02 | 48,865,462.51 | 554,975,702.46 | 121,177,617.91 | 3,199,830,256.59 | 6,110,325.80 |



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